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Public Finance, Taxation, and Tariff

The Taxation of Land Value; a Study of Certain Discriminatory Taxes on Land. By YETTA SCHEFTEL. Hart, Schaffner & Marx Prize Essays, XXII. (Boston: Houghton Mifflin Company. 1916. Pp. xv, 489. \$2.00.)

This book deals with the special taxes upon land that in the last fifty years have been adopted in several countries, notably Australasia, Canada, England, and Germany. Miss Scheftel undertakes (1) to describe these taxes as they have developed in each of these countries, showing their setting in fiscal and social policy, and (2) to consider them critically with a view to determining their expediency where adopted and the desirability of their introduction into the United States. This book is not, as claimed in the publisher's announcement on the book's wrapper, "the first attempt to differentiate between the tax on land value and the single tax, to define the first-named tax and its underlying principles." But it well may be said to be the first attempt "to present fully the experience with the system of the countries which have introduced the tax."

The chapters devoted to description of the special land taxes occupy about three fifths of the book. The best part of Miss Scheftel's work, in the judgment of the reviewer, is the careful and complete account of the complicated land taxes of Australasia, Germany, and Great Britain. Her chapters on the Australasian experience constitute the most comprehensive discussion of this topic that has been given. The account of the German taxes on "unearned increment" is based upon a thorough study of both primary and secondary German sources, and is easily the best account in English. The discussion of the English land taxes of 1909 presents interestingly the problems of administration that have arisen, and summarizes such results as have thus far appeared. The chapter on Municipal Taxation in Western Canada is less satisfactory, inasmuch as that topic has been much more exhaustively covered in Professor Haig's report for the New York City Committee on Taxation of 1916. Miss Scheftel has performed a useful service in bringing together in a single volume the main facts regarding these taxes. Her work shows careful and painstaking research.

In the critical part of the book the author considers "The tax in its fiscal aspect," "The tax as a social reform," and "Expediency of the tax on land value for the United States." In these

chapters a very wide range of topics is discussed, including assessment and administration, incidence, effect on land speculation and housing, amount of "unearned increment," extent of so-called land monopoly, productiveness of the tax, public expenditures, home rule, and conservation of natural resources. Many suggestive ideas are discussed, but one reads this part of the book with the feeling that the author has attempted too much. It also brings home to the reader the size of the unexplored areas in this interesting field that lies in the domains of politics and ethics as well as of economics.

Miss Scheftel's conclusions recognize the difficulty of measuring the effects of these taxes very exactly in a complicated dynamic economic situation. She is unable to discover social results of prime importance that can be attributed directly to them. They have been inadequate: "seriously to check speculation, reduce rents, and ameliorate housing conditions," and hopes of vital social betterment through them "appear vain, on the whole." On the other hand one must consider "the harmless nature of the change." "Nevertheless, as a fiscal measure, its influence toward reform, its tendency to check speculation in land, to relieve congestion, to appropriate some of the value increment for public purposes, and thus to relieve the burden to some extent from industry, outweigh the charge of discrimination against the landowning class" (pp. 420-421). As to its expediency for the United States, where real estate is already heavily taxed, the author's conclusions are not clear cut.

A few loose statements of economic theory are found, as the sentence, "Land as a non-reproducible good becomes subject to monopoly price, whenever the demand for a certain quality or kind exceeds the supply" (p. 368). Also the author apparently accepts the single tax phrase "land monopoly," without giving any evidence that land rentals or selling prices are determined other than competitively (*e.g.*, pp. 19, 31, 368, 369). Speculative withholding of land from the market fits accurately enough into the theory of determination of competitive market price.

A full and excellent bibliography is appended. But the index, with only four pages, is inadequate for nearly five hundred pages of condensed facts.

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